



February 28, 2003

SENATE BILL No. 523

DIGEST OF SB 523 (Updated February 27, 2003 10:33 AM - DI 102)

Citations Affected: Noncode.

Synopsis: 1977 fund service purchase. Allows certain members of the 1977 police officers' and firefighters' pension and disability fund to purchase at full actuarial cost additional service credit needed for the member to retire with a full unreduced benefit. Permits the member's employer to adopt an ordinance to pay all or part of the member's contributions required for the purchase of the service.

Effective: July 1, 2003.

**Server, Lutz L, Antich, Bowser,
Young R Michael**

January 23, 2003, read first time and referred to Committee on Rules and Legislative Procedure.
February 18, 2003, amended; reassigned to Committee on Pensions and Labor.
February 27, 2003, amended, reported favorably — Do Pass.

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SB 523—LS 7896/DI 13+



February 28, 2003

First Regular Session 113th General Assembly (2003)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2002 Regular or Special Session of the General Assembly.

SENATE BILL No. 523

A BILL FOR AN ACT concerning pensions.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. [EFFECTIVE JULY 1, 2003] (a) **This SECTION**
2 **applies to a member of the 1977 police officers' and firefighters'**
3 **pension and disability fund (1977 fund) who:**

4 **(1) first became a member of the 1977 fund after December**
5 **31, 1993, and before October 1, 1996;**

6 **(2) was at least thirty-six (36) years of age at the time the**
7 **member first became a member of the 1977 fund; and**

8 **(3) will not accrue twenty (20) years of service credit in the**
9 **1977 fund before the member reaches the mandatory**
10 **retirement age established by the member's employer.**

11 **(b) In addition to the service credit that a member earns**
12 **through active service, before a member retires the member may**
13 **purchase the additional amount of service credit needed for the**
14 **member to retire with a full unreduced benefit by making**
15 **contributions to the 1977 fund equal to the product of the**
16 **following:**

17 **(1) The salary of a first class patrolman or firefighter,**
18 **whichever is applicable, at the time the member makes the**

SB 523—LS 7896/DI 13+



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1 contribution.

2 (2) Twenty-seven percent (27%).

3 (3) The number of years of service credit the member intends
4 to purchase.

5 (c) The following apply to the purchase of service credit under
6 this SECTION:

7 (1) The service credit allowed is limited to the amount
8 necessary, when added to the member's active service, for the
9 member to accrue twenty (20) years of service credit in the
10 1977 fund by the time the member reaches the mandatory
11 retirement age established by the member's employer.

12 (2) The member may pay the amount determined in
13 subsection (b) as:

14 (A) a lump sum; or

15 (B) a series of payments determined by the public
16 employees' retirement fund (PERF) board, not to exceed
17 five (5) annual payments, plus interest over the period of
18 the payments at a rate determined by the actuary for the
19 1977 fund.

20 (3) A member may not use the service credit unless the
21 member has made all payments required for the purchase of
22 the service credit.

23 (4) To the extent permitted by IC 36-8-8-18, a member may
24 use:

25 (A) a rollover distribution; or

26 (B) a trustee to trustee transfer;

27 to purchase service credit under this SECTION.

28 (d) If a member terminates employment before satisfying the
29 eligibility requirements necessary to receive a monthly benefit
30 under IC 36-8-8, the PERF board shall return the purchase
31 amount, plus accumulated interest, in accordance with IC 36-8-8-8.

32 (e) A member's employer may adopt an ordinance to pay all or
33 part of the member's contributions required for the purchase of
34 service under this SECTION.

35 (f) This SECTION expires December 31, 2007.

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COMMITTEE REPORT

Mr. President: The Senate Committee on Rules and Legislative Procedure, to which was referred Senate Bill No. 523, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Delete the title and insert the following:

A BILL FOR AN ACT concerning pensions.

Delete everything after the enacting clause and insert the following:

(SEE TEXT OF BILL)

and when so amended that said bill be reassigned to the Senate Committee on Pensions and Labor

(Reference is to SB 523 as introduced.)

GARTON, Chairperson

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SENATE MOTION

Mr. President: I move that Senator Lutz be added as second author and Senators Antich, Bowser and Young R Michael be added as coauthors of Senate Bill 523.

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COMMITTEE REPORT

Mr. President: The Senate Committee on Pensions and Labor, to which was referred Senate Bill No. 523, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, line 15, delete "as follows:".

Page 1, line 16, delete "(1) The contributions to the 1977 fund must be".

Page 1, run in lines 15 through 16.

Page 1, line 18, delete "(A)", begin a new line block indented and insert:

"(1)".

Page 2, delete lines 3 through 8.

Page 2, line 9, delete "(C)", begin a new line block indented and insert:

"(2) **Twenty-seven percent (27%).**

(3)".

Page 2, delete lines 11 through 14.

Page 2, line 27, delete "." and insert "**, plus interest over the period of the payments at a rate determined by the actuary for the 1977 fund.**".

Page 2, line 42, delete "In that event, the 1977 fund's actuary".

Page 3, delete lines 1 through 2.

and when so amended that said bill do pass.

(Reference is to SB 523 as printed February 19, 2003.)

HARRISON, Chairperson

Committee Vote: Yeas 7, Nays 0.

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